

Communications
Workers of America
AFL-CIO

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JUN 21 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

June 20, 1994

The Honorable Rachelle B. Chong
Commissioner
Federal Communications Commission
1919 M. Street, N.W.
Washington, D.C. 20554

Dear Commissioner Chong:

Let me express my enthusiastic congratulations on your appointment as a Commissioner on the Federal Communications Commission. With the ever increasing importance that telecommunications is playing in the development and expansion of this country's economic and technological infrastructure, the FCC will be at the center of the policy debate over the new telecommunications era. The Communications Workers of America (CWA) is most interested in working closely with the Commission on the development of a new telecommunications regulatory model which will help this country and people achieve their full capabilities.

In that regard, it is my hope that in a very short period of time, you will be considering an issue which has been before the Commission for two years, and is of significant importance to CWA members. The proceeding CC Docket No. 93-193 focuses on the appropriateness of Southwestern Bell Telephone Company and other price cap local exchange carriers (LECs) including Other Post-Employment Benefit (OPEB) costs in their interstate access rates. For your convenience, I have attached a copy of my previous correspondence which sets out my position on this matter (Attachment 1).

All of the filings which are responsive to FCC questions have been made and the record is complete. It is our position that the change in accounting for OPEBs should be clearly and finally defined by the FCC as an exogenous change and, therefore, permanently included in the interstate price cap indices for the LECs. In particular, the ability of Southwestern Bell Telephone Company to be allowed to recover the costs associated with post-retirement benefits is of the highest priority to my members. These are benefits that have been bargained for over the years, and the company must be allowed to have the ability to meet its commitment to the Union and its members.

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The Honorable Rachelle B. Chong
June 20, 1994
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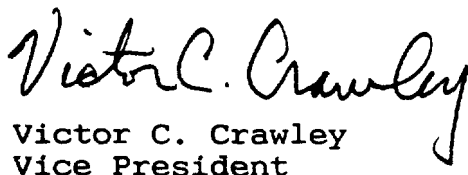
Should the Commission not allow OPEB recovery, I believe that the continued viability of these benefits, important to the security and job quality of our Union members, will be seriously threatened. Should circumstances make it necessary for the company to attempt to change these benefits during the term of the agreement or at the bargaining table, a strike and lawsuit would be the likely result.

To underscore the importance that I and my Union attach to this matter, I have included with this letter (Attachment 2) a copy of legislation which was introduced in the Missouri House at CWA's request and with our strong support. The OPEB issue before the Missouri Public Service Commission was similar to that presently before the FCC--allowing the Telephone Company the ability to recover its OPEB costs and thus having the ability to meet its commitments to its present and retired employees. When the Missouri PSC essentially threatened the viability of our OPEB benefits, I and CWA could not idly stand by. CWA's legislation would reverse this inequitable Missouri situation. After passing overwhelmingly in the Legislature, our bill now awaits the Governor's signature.

When this issue comes before you, I hope that you will find that OPEBs clearly meet the FCC's exogenous cost definition and represent a price cap cost which must be allowed to be recovered through rates.

Again, congratulations. I look forward to working with you for the betterment of this Nation and its people.

Sincerely,


Victor C. Crawley
Vice President

VCC/bjp
Attachments

cc: Representative Gephardt
FCC Secretary re: CC Docket No. 93-193 (Ex Parte)

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June 18, 1993

The Honorable James Quello
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Dear Chairman Quello:

As the head of the Communications Workers of America (CWA) in the five states served by Southwestern Bell Telephone Company (SWBT), I would like to reemphasize the CWA's support of Southwestern Bell's July 1 access tariff which seeks to recover the costs associated with Other Post-Employment Benefits (OPEB) as an exogenous item under the Price Cap Plan.

On June 3, I, along with Gary Lucas, the Company's bargaining chairman, met with your staff regarding the "control issue" related to OPEB. I stated my position that the Company has no unilateral control over these costs. I also pointed out that the CWA has bargained hard during numerous rounds of collective bargaining to ensure that all SWBT employees and retirees have available the current CustomCare Medical Plan. As I indicated on June 3, this Medical Plan is of such importance that the CWA has from time to time agreed to a lesser level of wages and pensions so as to retain that Plan as presently structured.

This issue has been studied and re-studied for quite a while. It is my strong belief that the time to resolve this matter is now. This is a significant issue for the Union, its active members, retirees and their families. We fully support the recovery for SWBT.

Sincerely,

Victor C. Crawley
Victor C. Crawley
Vice President

VCC/kao

SECOND REGULAR SESSION
[PERFECTED WITH PERFECTING AMENDMENT]
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1405
87TH GENERAL ASSEMBLY

Reported from the Committee on Labor, February 3, 1994 with recommendation
that the House Committee Substitute for House Bill No. 1405 Do Pass.
Taken up for Perfection February 24, 1994.
House Committee Substitute for House Bill No. 1405 ordered Perfected and printed,
as amended.

DOUGLAS W. BURNETT, Chief Clerk

2796-3

AN ACT

To repeal section 386.315, RSMo Supp. 1993, relating to the
public service commission, and to enact in lieu thereof
one new section relating to the same subject.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 386.315, RSMo Supp. 1993, is
2 repealed and one new section enacted in lieu thereof, to
3 be known as section 386.315, to read as follows:

386.315. 1. In establishing public utility rates, the
2 commission shall not reduce or otherwise change any
3 wage rate, benefit, working condition, or other term or
4 condition of employment that is the subject of a collective
5 bargaining agreement between the public utility and a
6 labor organization. Additionally, the commission
7 shall not disallow or refuse to recognize the actual
8 level of expenses the utility is required by Financial
9 Accounting Standard 106 to record for post-
10 retirement employee benefits for all the utility's
11 employees, including retirees, if the assumptions

H.C.S.H.B. 1405

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12 and estimates used by a public utility in determin-
13 ing the Financial Accounting Standard 106
14 expenses have been reviewed and approved by the
15 commission, and such review and approval shall
16 be based on sound actuarial principles.

17 2. A public utility which uses Financial
18 Accounting Standard 106 shall be required to use
19 an independent external funding mechanism that
20 restricts disbursements only for qualified retiree
21 benefits. In no event shall any funds remaining in
22 such funding mechanism revert to the utility after
23 all qualified benefits have been paid; rather, the
24 funding mechanism shall include terms which
25 require all funds to be used for employee or retiree
26 benefits. This subsection shall not in any manner
27 be construed to limit the authority of the commis-
28 sion to set rates for any service rendered or to be
29 rendered that are just and reasonable pursuant to
30 sections 392.240, 393.140 and 393.150, RSMo.

31 3. Any public utility which was the subject of
32 a rate proceeding resulting in the issuance of a
33 report and order subsequent to January 1, 1993,
34 and prior to the effective date of this section,
35 directing or permitting the establishment of new
36 rates by such utility, may file one set of tariffs
37 modifying its rates to reflect the revenue require-
38 ment associated with the utility's expenses for
39 post-retirement employee benefits other than
40 pensions, as determined by Financial Accounting
41 Standard 106, including the utility's transition
42 benefit obligation, regardless of whether the
43 deferral or immediate expense recognition method

H.C.S.H.B. 1405

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44 was used, if such utility is funding the full extent
45 of its Financial Accounting Standard 106 obliga-
46 tion at the time such tariffs are filed. The tariffs
47 shall reflect the annual level of expenses presented
48 by such utility in its last rate proceeding. The
49 commission may not suspend such tariffs to
50 examine any revenue requirement issues, but shall
51 use the Financial Accounting Standard 106 based
52 revenue requirement for post-retirement employee
53 benefits other than pensions, including the tran-
54 sition benefit obligation, identified for such utility
55 in such prior proceeding. The commission may
56 suspend such tariffs for a period of time not to
57 exceed sixty days in order to address any rate
58 design issues associated with the utility's Finan-
59 cial Accounting Standard 106 based revenue
60 requirement.